

Message Text

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ACTION COME-00

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R 111455Z FEB 75

FM AMEMBASSY LUSAKA

TO AMEMBASSY BEIRUT

INFO SECSTATE WASHDC 1250

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EO 11652: N/A

TAGS: BEXP, ZA

SUBJECT: CARRIER INTERNATIONAL

1. CHIEF ENGINEER, ZAMBIA ELECTRICITY SUPPLY CORPORATION (ZESCO), ASKS EMBASSY ASSISTANCE IN RESOLVING PROBLEM INVOLVING ASSURANCE OF PAYMENT FOR SERVICES OF TECHNICIAN FROM CARRIER INTERNATIONAL TO SUPERVISE REPAIR OF ONE CHILLER PLANT AT 600 MW KAFUE GORGE HYDROELECTRIC PLANT. ORIGINAL AIR CONDITIONING UNITS WERE INSTALLED BY NOW DEFUNCT ZAMBIAN REPRESENTATIVE OF CARRIER. ZESCO URGENTLY NEEDS SERVICES OF CARRIER TECHNICIAN TO INSURE PROPER REPAIR AND HAS AGREED TO PAYMENT OF \$15,000 TO BRING HIM FROM THE US. HOWEVER, VINCENTI CARMIDE, CARRIER RESIDENT REPRESENTATIVE, BEIRUT, INSISTS ON ZESCO OPENING LETTER OF CREDIT THROUGH US BANK ALLOWING PAYMENT IN US UPON PRESENTATION OF INVOICES. BANK OF ZAMBIA REGULATIONS EXPRESSLY PROHIBIT ISSUANCE L/C FOR PAYMENT OF SERVICES. ZESCO INSISTS THERE WILL BE NO PROBLEM OF PAYMENT IN US DOLLARS AND URGES FLEXIBILITY ON PART OF CARRIER IN VIEW OF RIGID BANK OF ZAMBIA REGULATIONS. \$35,000 LETTER OF CREDIT HAS BEEN OPENED IN US TO COVER COSTS OF NEEDED PARTS.

2. ZESCO IMPLIES IT WILL PLACE PUBLIC RESPONSIBILITY FOR ANY POWERGENERATION LOSS THAT MIGHT RESULT FROM DELAY ON CARRIER AND SUGGESTS IT WILL BAR, WHEREVER POSSIBLE, LIMITED OFFICIAL USE

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DEPENDENCE ON US SUPPLIERS IN FUTURE UNLESS CARRIER

IS RESPONSIVE.

3. ZESCO IS 100 PERCENT GOVERNMENT OWNED PRODUCER
AND DISTRIBUTOR OF ELECTRICITY WITH ANNUAL SALES
OF OVER \$12 MILLION. IN VIEW OF POSSIBLE ADVERSE
EFFECT ON IMAGE OF US BUSINESS IN ZAMBIA AND
POSSIBLE ADVERSE PUBLICITY IN CASE OF POWER LOSS
DUE DELAYS IN REPAIR, WOULD APPRECIATE EMBASSY'S
CONTACTING CARMIDE FOR HIS SUGGESTIONS OUT OF IMPASSE,
INCLUDING POSSIBILITY WAIVING L/C REQUIREMENT FOR PAYMENT
OF SERVICES. EMBASSY HAS RAISED MATTER WITH BANK OF
ZAMBIA WHICH AGREED TO INVESTIGATE. RECOGNIZE,
IF REPAIR AS URGENT AS ZESCO CLAIMS, IT OUGHT
TO BE ABLE PERSUADE ANOTHER GOVERNMENT ENTITY,
BANK OF ZAMBIA, TO RELAX ITS OWN REGULATIONS IN
THIS CASE BUT BASED ON OUR EXPERIENCE THAT WOULD
INVOLVE LONG DELAY.
WILKOWSKI

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